

IV. NEIGHBORHOOD CASE STUDY RESULTS

INTRODUCTION

The CGM is designed to allow the user to examine the costs and revenues generated by any combination of the 10 neighborhoods in the City or any of the three potential annexation areas (North Redmond, East Redmond, or the Plateau). The case study presented in this report focuses on the potential annexation of the Plateau.

The Plateau annexation case study was chosen in order to illustrate the CGM's ability to analyze the effects of making a significant geographical change to the existing City limits. Since the Plateau is included within Redmond's twenty-year service boundary in the *Redmond Comprehensive Plan, Final Draft*, May 1995 and there are ongoing policy discussions about the possible incorporation of the Plateau, this case study can provide policy makers with useful and relevant data that can assist with a major policy decision regarding the future of Redmond in the near term.

This case study is a good illustration of how the CGM may be used to address major policy decisions regarding future annexations to the City. The CGM currently assumes that the City will assume responsibility for all municipal services and receive all municipal revenues from the annexed area. However, since the actual fiscal performance of the Plateau (or any other annexation area), will depend upon negotiated tax sharing and service-delivery responsibilities, a complete and thorough analysis of the fiscal impacts of annexing the Plateau will require further in depth research. The CGM provides the basis for more in-depth research. The model is designed to allow the City to modify the projected fiscal performance of any area to reflect the specifics of the actual annexation agreement. In particular, further research should include interviews with the County assessor and the key service providers to refine the cost and revenue estimates. The major developers for planned and proposed projects in the Plateau, should be interviewed as well, to refine the development projection.

PROJECT DESCRIPTION

The Plateau case study assumes annexation of the area in southeast Greater Redmond described as the Plateau that corresponds to the Redmond twenty-year service area as described in Map A-4 in the *Redmond Comprehensive Plan, Final Draft* May 1995. The legal description of the Plateau is provided on Map A-2 in the *Redmond Comprehensive Plan, Final Draft* May 1995 and consists of approximately 4,500 acres. Estimates derived from the *Metroscan* database indicate that there are approximately 9,700 dwelling units, 850,000 square feet of non-residential building space, of which approximately 157,000 square feet is commercial space.

Total assessed value in the Plateau is approximately \$1.48 billion. The Redmond Planning Department estimates that there is the capacity for an additional 5,000 to 6,000 dwelling units and about 150,000 square feet of neighborhood commercial uses. For the purposes of this case study, it is assumed that annexation of the Plateau will occur in the year 2000.

CONCLUSIONS

Table 4 shows the projected revenues and costs in the General Fund associated with the Plateau annexation. The revenues reflect the existing City tax rates and related ordinances. The costs reflect the demand for and cost of providing services such as police, road maintenance and park maintenance. Other cost items reflect the Plateau's impact on citywide costs. The cost for citywide services, such as General Government and department-level administration have been increased based on the amount of existing and future development in the Plateau. In light of these assumptions, the actual incremental costs associated with the annexation may differ from those shown in Table 4.

The results of the Plateau Case Study are shown for the Years 2000 through 2003. The results of the model indicate that the cost of providing municipal services to the Plateau will exceed revenues by \$1 million in the year of annexation. The deficit is projected to increase to approximately \$1.6 million per year as additional development is added in the Plateau and additional service demands are generated. Factors that contribute to the projected deficit include:

- ☐ The large population base in the Plateau will require significant public safety services (police and fire).
- ☐ With the addition of the Plateau to the City, additional park acreage will be required to maintain the City's park level of service standards and additional recreation programs will be required to serve the new population.
- ☐ The lack of commercial development in the Plateau results in limited sales tax revenue for the City after annexation.

Table 4
Plateau Annexation Analysis
City of Redmond Cost of Growth Model

	2000	2001	2002	2003
Projected Revenue by Type				
Beginning Cash	\$0	\$0	\$0	\$0
Property Taxes	\$2,411,100	\$2,464,700	\$2,513,900	\$2,561,500
Sales Taxes	\$316,300	\$325,800	\$335,600	\$345,600
Electric	\$852,100	\$870,000	\$888,300	\$907,000
Telephone	\$605,900	\$612,900	\$620,000	\$627,200
Gas, Garbage, Cable	\$539,700	\$545,500	\$551,300	\$557,300
Criminal Justice	\$361,900	\$362,000	\$362,100	\$362,300
Other Taxes	\$151,900	\$153,500	\$155,100	\$156,700
Business Licenses	\$17,300	\$17,800	\$18,300	\$18,800
State Shared Revenue	\$711,100	\$715,900	\$720,900	\$726,000
Fire District 34	\$416,700	\$476,700	\$490,400	\$505,000
Emergency Medical Service	\$253,800	\$253,800	\$253,900	\$254,000
Overhead Fees	\$385,700	\$441,600	\$456,400	\$464,700
Fines & Forfeitures	\$198,600	\$200,600	\$202,700	\$204,800
Investment Interest	\$228,500	\$234,600	\$238,300	\$242,000
Other	\$1,091,900	\$1,103,200	\$1,114,600	\$1,126,200
Development Revenues	\$643,200	\$651,200	\$659,300	\$667,500
Total	\$9,185,700	\$9,429,800	\$9,581,100	\$9,726,600
Projected Costs by Dept.				
Non-Departmental	\$1,261,500	\$1,349,500	\$1,377,600	\$1,396,200
Executive	\$79,700	\$97,900	\$102,300	\$104,400
Legislative	\$28,000	\$34,400	\$36,000	\$36,700
Human Resources	\$301,000	\$304,400	\$308,300	\$312,300
Legal	\$153,300	\$164,600	\$168,800	\$171,900
Finance	\$990,600	\$1,145,100	\$1,185,100	\$1,206,200
Public Works	\$1,383,100	\$1,425,400	\$1,449,700	\$1,471,900
Parks	\$965,300	\$1,005,300	\$1,024,800	\$1,039,300
Fire	\$1,807,800	\$2,020,600	\$2,043,900	\$2,066,800
Police	\$2,197,700	\$2,251,700	\$2,307,400	\$2,364,900
Planning	\$1,082,400	\$1,113,700	\$1,134,900	\$1,155,400
Total	\$10,250,400	\$10,912,600	\$11,138,800	\$11,326,000
Ending Balance	(\$1,064,700)	(\$1,482,800)	(\$1,557,700)	(\$1,599,400)

Note: Totals may not add due to rounding

Source: Economic & Planning Systems and the City of Redmond

KEY COST ASSUMPTIONS

The major factors influencing projected cost increases within the operating departments include the following:

- Park and Recreation maintenance activities are expected to increase significantly when the Plateau is annexed to the City. It is assumed that the City will immediately take on the maintenance of approximately 12 acres of existing parks, currently managed by the County, within the Plateau. In addition, many more park acres will need to be acquired and managed if the City is to maintain the current park LOS within the Plateau. Furthermore, recreation program costs will increase in order to serve the additional residents projected to live in the Plateau.
- Fire protection expenditures will increase when the Plateau is annexed to the City. It is assumed that the Fire Department will need to take over the operations of Fire Station 222 from Fire District 10 (12 new firefighters) in order to serve the Plateau with fire protection and emergency medical services.

It must be noted that since the possible tax sharing arrangements with District 10 are unknown at this time, no attempt to model additional revenue from District 10 has been made. The CGM includes the additional costs associated with the Fire Department taking on the operation of Station 222 to serve development within the Plateau, but it does not include any offsetting revenues that may result from incorporating part of Fire District 10. In reality, the City may negotiate a tax sharing agreement with Fire District 10 that could offset in whole, or in part, some of the increased fire costs associated with annexing the Plateau. Additional research will be required to address this issue. The model can readily be modified to reflect this situation once more information is available.